

April 30, 2002

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 2 TO LEASE NO. 55574  
REGISTRAR-RECORDER/COUNTY CLERK  
1050 SOUTH MAPLE AVENUE, MONTEBELLO  
(FIRST) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Chairman to sign the attached amendment with Ten-Fifty Maple LP and 805 Grand LP (Lessor) for the continued occupancy of 44,000 rentable square feet of warehouse and office space, including 49 parking spaces for the Registrar-Recorder/County Clerk (RR/CC) at 1050 South Maple Avenue, Montebello at a maximum annual rent of \$338,922, including the cost of Tenant Improvements (TIs). Rental costs are 100 percent net County cost.
2. Find that this lease amendment is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15062 (b) (3) of the State CEQA Guidelines.
3. Approve the project and authorize the Chief Administrative Office (CAO) and the RR/CC to implement the project. The lease amendment will become effective upon approval by your Board.

The Honorable Board of Supervisors  
April 30, 2002  
Page 2

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of this proposed amendment will extend the term of the lease for another four years. This is a temporary solution which will allow the RR/CC to continue to use the subject facility for the storage of current election materials until such time that a decision can be made regarding the amount and type of warehouse space that will be required to house the new technology to tabulate votes in the future.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity. The proposed lease supports this strategy (Goal 4, Strategy 2, Objective 2) in that warehouse space is being leased for the RR/CC on a short-term basis pending determination of their long range storage needs, as further outlined in Attachment A.

### **FISCAL IMPACT/FINANCING**

The annual cost of this lease will initially be \$302,400 plus the cost to amortize TIs, if any, of up to \$36,522 annually, i.e., an annual maximum of \$338,922 if the entire TI allowance is expended.

<b>1050 MAPLE AVENUE</b>	<b>EXISTING LEASE</b>	<b>AMENDMENT</b>	<b>CHANGE</b>
Area (square feet)	44,000	44,000	None
Term	12/01/1986 to 11/30/2001 Month-to-Month since 12/01/01	4 years upon Board approval	4 additional years
Annual Base Rent	\$257,877 (\$5.86/sq.ft.)	\$302,400 (\$6.87/sq.ft.)	\$44,523
TI Allowance Included in Base Rent Additional TI Allowance	None None	None \$120,000 (\$2.73/sq.ft.)*	None \$120,000
Maximum Annual Rent	\$257,877 (\$5.86/sq.ft.)	\$338,922 (\$7.70/sq.ft.)	\$81,045
Parking Included in Rent	49 off-street spaces	49 off-street spaces	None
Cancellation	None	Anytime upon six months prior notice during 4-year term	Can be cancelled anytime
Option to Renew Cancellation	None	5 years None during option period	5 years
Rental Adjustment	CPI increase at 30 <sup>th</sup> month capped at 5% Cap	CPI increase 6/04 and 1/05 with 5% Cap/year	N/A

\* The maximum amount available for TIs is \$120,000. In the event the entire TI allowance was expended, the annual cost for repayment would be \$36,522 or \$0.83/sq.ft., based upon a four-year amortization at ten percent interest.

Sufficient funding for the proposed lease is included in the 2001-02 Rent Expense Budget and will be charged back to the RR/CC. Sufficient funding is available in the 2001-02 RR/CC's Budget to cover the projected lease costs. The cost associated with the proposed lease will be 100 percent net County cost.

The monthly rent under the proposed new lease is subject to a Consumer Price Index (CPI) adjustment on June 1, 2004 and January 1, 2005. The CPI shall not result in an increase which exceeds five percent per year.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

This warehouse space is used to store election supplies and other materials required in the course of RR/CC performing its legally mandated responsibilities. The RR/CC has been at this location since 1986 under Lease No. 55574, approved by your Board on October 21, 1986, which expired November 30, 2001. The occupancy has continued on a month-to-month basis as of December 1, 2001.

The proposed amendment provides approximately 44,000 rentable square feet of warehouse and office space and 49 parking spaces. The lease contains the following provisions:

- The term commences upon approval by your Board and ends four years thereafter.
- The lease is triple net with Lessor responsible for basic structure and County responsible for all other costs associated with the occupancy.
- The Lessor has agreed to provide a \$120,000 allowance for TIs that can be spent at County's discretion, subject to repayment based upon an interest rate of ten percent over a four-year period. The RR/CC will first have to provide sufficient justification of the need for the TIs prior to the CAO authorizing any construction expenditures. As of this date, the CAO anticipates only minor expenditures for TIs to fund deferred maintenance repairs that are the County's responsibility under the lease. However, if it is determined that this warehouse meets the County's long-term needs, the remaining TI funds could be used to finance any necessary expenses.
- A right to cancel at any time upon six months prior written notice to the Lessor has been provided. In the event the County expends any portion of the TI allowance, the unamortized remaining balance would be reimbursed to Lessor.
- A five-year option to renew at the rate then in effect has been provided if it is determined that the warehouse meets the County's long-term needs. Should the County exercise its option to renew, there is no cancellation right during the option period.

The Honorable Board of Supervisors  
April 30, 2002  
Page 5

- No County Project Manager or employee, including the CAO, is authorized to approve any expenditure not expressly pre-approved by the Board of Supervisors. The Board of Supervisors will not approve retroactive expenditures. Any unapproved expenditure by the Lessor, even if it benefits the County, shall not be recovered by Lessor who shall solely bear the risk of loss for incurring such liabilities as stated in Paragraph 30 of the proposed amended lease.

CAO Real Estate staff conducted a survey of the Norwalk area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the search area for this program. There are no County-owned or leased facilities available for this program.

Based upon a rental survey of similar warehouse properties in close proximity to the RR/CC headquarters facility in Norwalk, staff has determined that the rental range is between \$5.40 and \$7.20 per square foot. Thus, the base annual rental rate of \$6.80 per square foot for the proposed amendment is within this range of market rates.

The Department of Public Works has inspected this facility and finds it suitable for the County's continued occupancy.

There are not enough employees assigned to the subject facility to substantiate the placement of a child care center.

### **ENVIRONMENTAL DOCUMENTATION**

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

The Honorable Board of Supervisors  
April 30, 2002  
Page 6

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

It is the finding of the CAO that this proposed lease is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, the RR/CC concurs with this lease amendment recommendation.

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors return two originals of the executed amendment and the adopted, stamped Board letter, and two certified copies of the Minute Order to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:SNY  
CWW:JB:hd

Attachments (3)

c: County Counsel  
Auditor-Controller  
Registrar-Recorder/County Clerk

**Registrar-Recorder/County Clerk Warehouse  
1050 Maple Street, Montebello  
Asset Management Principles Compliance Form<sup>1</sup>**

<b>1.</b>	<b><u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
A	Does lease consolidate administrative functions? <sup>2</sup>				<u>X</u>
B	Does lease co-locate with other functions to better serve clients? <sup>2</sup> <b>This amendment is an interim solution pending clarification of warehouse needs based on new voting machine technology (see 2H below). There was no space available at the existing facility to accommodate the co-location of other departments.</b>			<u>X</u>	
C	Does this lease centralize business support functions? <sup>2</sup>				<u>X</u>
D	Does this lease meeting the guideline of 200 sf of space per person? <sup>2</sup> <b>N/A This is a warehouse use with limited office area. As such, the staffing levels are minimal compared to typical office configurations; therefore, the ratio formula is not applicable.</b>			<u>X</u>	
<b>2.</b>	<b><u>Capital</u></b>				
A	Should program be in leased space to maximize State/Federal funding?			<u>X</u>	
B	If not, is this a long term County program?		<u>X</u>		
C	Is it a net County cost (NCC) program? <b>100%</b>		<u>X</u>		
D	If yes to 2 B or C; capital lease or operating lease with an option?			<u>X</u>	
E	If no, are there any suitable County-owned facilities available?			<u>X</u>	
F	If yes, why is lease being recommended over occupancy in County-owned space?				<u>X</u>
G	Is Building Description Report attached as Attachment B?		<u>X</u>		
H	Was build-to-suit or capital project considered? <b>RR/CC has indicated that the State-mandated phase-out of existing voting equipment will affect their future warehouse needs. Until such time that the Board of Supervisors endorses the replacement technology, the exact size and configuration of the warehouse cannot be determined. At a later date, a purchase, capital project or build-to-suit may be considered.</b>			<u>X</u>	
<b>3.</b>	<b><u>Portfolio Management</u></b>				
A	Did department utilize CAO Space Request Evaluation (SRE)?		<u>X</u>		
B	Was the space need justified?		<u>X</u>		
C	If a renewal lease, was co-location with other County departments considered?		<u>X</u>		
D	Why was this program not co-located?				
	1. ___ The program clientele requires a "stand alone" facility.				
	2. <u>X</u> No suitable County occupied properties in project area.				
	3. <u>X</u> No County-owned facilities available for the project.				
	4. ___ Could not get City clearance or approval.				
	5. ___ The Program is being co-located.				
E	Is lease a full service lease? <sup>2</sup> <b>This lease is typical for warehouse properties wherein the tenant accepts responsibility for most building related expenses.</b>			<u>X</u>	
F	Has growth projection been considered in space request? <b>The growth projection is dependent upon the selected voting equipment which has not been confirmed. Therefore, accurate growth numbers cannot be projected.</b>			<u>X</u>	
G	Has the Dept. of Public Works completed seismic review/approval?		<u>X</u>		
	<sup>1</sup> As approved by the Board of Supervisors 11/17/98				
	<sup>2</sup> If not, why not?		Please <b>bold</b> any written responses		

**SPACE SEARCH - WAREHOUSES IN CLOSE PROXIMITY TO RR/CC  
NORWALK HEADQUARTERS**

<b>LACO</b>	<b>FACILITY NAME</b>	<b>ADDRESS</b>	<b>SQ FT GROSS</b>	<b>SQ FT NET</b>	<b>OWNERSHIP</b>	<b>SQ FT AVAILABLE</b>
A460	HEALTH-FERGUSON ADMINISTRATIVE SERVICES CTR	5555 FERGUSON, CITY OF COMMERCE	268400	246550	LEASED	NONE
6060	DOWNEY ADMIN CTR-ISD/ITS DATA RECORDS STORAGE	9230 E. IMPERIAL HIGHWAY, DOWNEY	5255	4745	FINANCED	NONE
A391	DA-CRIMINAL FILE/STORAGE FRAUD INVESTIGATORS	5330 HARBOR STREET, CITY OF COMMERCE	52300	49685	LEASED	NONE
A912	PROBATION-PROPERTY & SUPPLY WAREHOUSE	4549 TELEGRAPH RD, EAST LA	13590	9851	LEASED	NONE
A945	DPSS-DISTRIBUTION CENTER/ WAREHOUSE	2700 GARFIELD AVE, COMMERCE 90040	61152	58537	LEASED	NONE
D530	TREAS & TAX COLLECTOR-PUBLIC ADMN WAREHOUSE	4821 GREGG RD, PICO RIVERA 90660	76116	62180	LEASED	NONE
Y201	SHERIFF-CENTRAL PROPERTY WAREHOUSE	14201 TELEGRAPH RD, SOUTH WHITTIER	55000	54044	FINANCED	NONE
Y202	SHERIFF-CENTRAL SUPPLY WAREHOUSE	14205 TELEGRAPH RD, SOUTH WHITTIER	45000	43714	FINANCED	NONE



**AMENDMENT NO. 2 TO LEASE NO. 55574  
REGISTRAR-RECORDER  
1050 SOUTH MAPLE AVENUE, MONTEBELLO**

This Amendment No. 2 to Lease No. 55574, is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2002 by and between TEN-FIFTY MAPLE, LP AND 805 GRAND, LP, hereinafter referred to as the "Lessor", and the COUNTY OF LOS ANGELES, a body politic and corporate hereinafter referred to as the "Lessee".

WHEREAS, Lessor and Lessee made and entered into that certain Lease and Agreement No. 55574 ON October 21, 1986, which was subsequently amended on November 26, 1991, hereinafter referred to as "Lease", for approximately 44,000 square feet of warehouse space for the Registrar-Recorder, located at 1050 South Maple Avenue, Montebello; and

WHEREAS, the terms of this Amendment No. 2 to Lease Agreement No. 55574 will not become effective until such time that said Amendment is executed by the County of Los Angeles and;

WHEREAS, Lessee desires to extend the term and complete certain improvements to the Premises and;

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, Lessor and Lessee hereby covenant, and agree to amend said Lease as follows:

1. Paragraph 2, "TERM" is hereby deleted in its entirety and the following is inserted in substitution thereof:

**TERM**            Notwithstanding the prior commencement and expiration of the Lease term, the term hereof shall be for an additional four (4) years commencing upon the approval of Amendment No. 2 by the County of Los Angeles Board of Supervisors, the "Extended Term", and ending four (4) years thereafter.

OPTION TO RENEW - Lessee shall have the right to lease the Premises for an additional five (5) years under the same rate, term and conditions, upon one hundred and twenty (120) days written notice to Lessor, except Lessee agrees to waive any right to cancel the Lease, except for Lessor's default, during the entire renewed tenancy under the option.

2. Paragraph 3, "RENT" is hereby deleted in its entirety and the following is inserted in substitution thereof:

**RENT:**            Notwithstanding the prior commencement of the Lease term, the rent for the Premises during the Extended Term shall be payable pursuant to the

following schedule:

Month 1 of Extended Term \$28,700  
Month 2 of Extended Term - Month 6 \$25,700.00 per  
month  
Month 7 of Extended Term - May 31, 2004 \$24,200 per  
month

Commencing June 1, 2004, the monthly rent shall be subject to adjustment pursuant to amended Paragraph 27.

All payments are payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen days after the first day of each and every month of the remaining term hereof provided Lessor has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

3. Paragraph 27, "Rental Adjustment" is hereby amended as follows:

A. Base Index shall be the index published for the month of January 2002.

B. The first rental adjustment shall be effective June 1, 2004, the New Index for purposes of this adjustment only, shall be the index published for the month of February 2004; the second rental adjustment shall be effective January 1, 2005, the New Index for purposes of this adjustment only, shall be the index published for the month of August 2004 and in the event the Option to Renew is exercised, a third rental adjustment shall be effective December 1, 2006 using a New Index published for August 2006. No further adjustment will be due for the remainder of the option period.

C. The Base Rent figure of \$18,500 shall be substituted by the figure of \$24,200.

4. Paragraph 28, "CANCELLATION" is hereby inserted into the Lease as follows:

28. **CANCELLATION:** Lessee shall have the right to cancel the Lease at any time during the Extended Term by giving Lessor not less than Six (6) months prior written notice. Lessee's right to cancel shall not be effective during the Option to Renew Term.

In the event Lessee exercises its right to cancel this Lease, then within ninety (90) days of the date Lessee provides written notice to Lessor of its intent to cancel, Lessee shall reimburse Lessor the balance due of the unamortized tenant improvements based upon the Amortization Schedule, as that term is defined in Paragraph 29A of this Amendment. The beginning balance for tenant improvements shall be indicated on the attached Exhibit "A", Memorandum of Tenant Improvement Cost, attached hereto.

5. Paragraph 29, "Tenant Improvements" is hereby inserted into the Lease as follows:

29. **TENANT**      A.      Lessor within ten (10) days after receipt of  
a  
    **IMPROVEMENTS**:      duly executed copy of this Amendment document or County-approved preliminary plans, whichever later occurs, will, as part of the Tenant Improvement budget, cause a licensed California architect to prepare final working drawings and specifications for the proposed tenant improvements which are to be provided by Lessor up to a maximum cost of \$120,000 as estimated by Lessor. Lessee agrees to reimburse Lessor for tenant improvement cost and will amortize said cost at the rate of 10% per annum over the Extended Term. The Lessee may at anytime during the Lease term pay Lessor in a lump sum for all or any portion of the tenant improvement cost. Lessor will notify Lessee of the tenant improvement final cost, and the amount payable monthly by Lessee in addition to the rent. For purposes of ascertaining the actual cost of said tenant improvements, Lessor shall provide to Lessee, upon the completion of the improvements, a detailed breakdown of the total costs of constructing the tenant improvements and execute a summarized breakdown of the total costs of the tenant improvements in the form of the attached Exhibit "A". Lessor shall also provide Lessee with an Amortization Schedule setting forth the amount of the monthly payments as reimbursement for the tenant improvements. Lessee shall have the right to audit the costs detailed on Exhibit "A" and the Amortization Schedule for a period of Twenty-four months from the date of

commencement of the Extended Term.

In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

The working drawings are to be prepared in accordance with schedule of improvements attached hereto as Exhibit "C". If acceptable to Lessor, Lessee may revise the schedule of improvements. Lessor agrees that as much as \$25,000 of the tenant improvement allowance may be used to purchase computer and or communication equipment.

The Premises shall meet all applicable City, County State and Federal building codes, regulations and ordinances required for beneficial occupancy. Any work to meet applicable code requirements necessitated by Lessee's special requirements shall be included as part of the tenant improvement allowance.

The Lessor shall submit three bids for the construction of the tenant improvements (excluding the cost associated with the purchase of communication or computer equipment) to the County for its review and approval prior to award of the contract. The bids shall include an itemized list of all materials, specifications and labor and shall include all additional costs including A/E fees, permits, reasonable contractor's profit and overhead, and project management fees.

The tenant improvement cost shall not include any costs incurred for replacement of the roof or asbestos abatement. All work for required asbestos abatement, or roof shall be performed at the sole cost and expense of Lessor.

B. Completion

The parties agree that the estimated time for completion of said tenant improvements is sixty (60) days from the date of issuance of the building permit based on the Construction Schedule attached herewith as Exhibit "D". Lessor shall file for a building permit to construct the

improvements within ten (10) days of completion of final working drawings and acceptance by Lessee and diligently pursue to obtain the permit as soon as possible.

Completion may be delayed by:

1. Acts or omissions of Lessee or of any employees or agents of Lessee (including change orders in the work), or
2. Any act of God which Lessor could not have reasonably foreseen and provided for, or
3. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
4. Any war or declaration of a state of national emergency, or
5. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the building Premises.

C. If Lessor fails to obtain the building permit within a reasonable time, taking all factors into consideration, or if tenant improvements have not been completed within sixty (60) days from the estimated time of completion, which period shall be extended for a reasonable time for delays enumerated in subparagraph B above, Lessee may, at its option:

- (1) Upon thirty (30) days written notice to Lessor, assume the responsibility for providing the tenant improvements itself.

If Lessee elects to provide tenant improvements itself, then:

Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of constructing the tenant improvements and for any other purposes reasonably related thereto.

D. Deferred Maintenance

Lessor has inspected the Premises as of April 1, 2002 and has determined that the building has been

adequately maintained with the following exceptions:

- (A) Seal coat and re-stripe the parking area.
- (B) Sand and varnish/paint exterior wood soffit at front entrance.
- ©) Remove tree stump from front planter.
- (D) Replace damaged door on west side of building.
- (E) Repair water damaged ceiling in private office.

Lessor agrees that the reflective foil at the roof joists is in disrepair due to recent roofing work, and Lessor will initiate any required repairs. Additionally, Lessor agrees that the recent exterior painting completed by Lessee is adequate and should have a life span through at least 12/07.

6. New paragraph 30. shall be incorporated into the lease as follows:

30. LIMITATION OF AUTHORITY:

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Lessor understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal Board action.

No County officer, employee, agent, or independent contractor has any authority to alter, add or delete the material terms of this Lease; and Lessor may not rely upon any representations to the contrary.

This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for tenant improvements or other project costs of Lessor which are subject to reimbursement by County. **County shall not reimburse Lessor for any expenses which exceed this ceiling.**

7. All other terms and conditions contained in Lease No. 55574 not inconsistent herewith are hereby ratified and reaffirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Lease or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Lease to be executed on its behalf by the Mayor of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:

TEN-FIFTY MAPLE LP and 805 GRAND LP

By \_\_\_\_\_  
David V. Adams, General Partner

ATTEST:

VIOLET VARONA-LUKENS  
Executive Officer-Clerk  
of the Board of Supervisors

LESSEE:

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Deputy

By \_\_\_\_\_  
Chairman, Board of Supervisors

APPROVED AS TO FORM:

LLOYD W. PELLMAN  
County Counsel

By \_\_\_\_\_  
Deputy: Francis E. Scott

**EXHIBIT "A"**

**MEMORANDUM OF TENANT IMPROVEMENT COST**

This Agreement is dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, for reference purposes only, by and between Lessor, Ten-Fifty Maple, LP and 805 Grand LP, and Lessee, County of Los Angeles.

1. The parties hereto have entered into an Amendment dated as of \_\_\_\_\_ (the "Amendment") for the leasing by Lessor to Lessee of the building located at 1050 South Maple Avenue, Montebello ("the Premises").

2. Lessor and Lessee hereby confirm the following:

(a) The final total cost of the tenant improvements is \_\_\_\_\_  
(\$\_\_\_\_\_).

This is comprised of:

<u>Lease Budget</u>	<u>Actual Cost</u>
\$ <u>120,000.00</u> Tenant Improvement Allowance	\$ _____
\$ _____ Total	\$ _____

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Lessor:  
Ten-Fifty Maple LP and 805 Grand LP

By \_\_\_\_\_  
David V. Adams, General Partner

Lessee:

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Chuck W. West  
Director of Real Estate